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Part 3

# ORGANIZATION, STRUCTURE AND DECISIONMAKING PROCEDURES OF THE DEPARTMENT OF DEFENSE

## HEARINGS

BEFORE THE

## COMMITTEE ON ARMED SERVICES
## UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

SEPTEMBER 28, 1983

**Part 3**

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# ORGANIZATION, STRUCTURE, AND DECISIONMAKING PROCEDURES OF THE DEPARTMENT OF DEFENSE

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**WEDNESDAY, SEPTEMBER 28, 1983**

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
*Washington, D.C.*

## OFFICE OF THE SECRETARY OF DEFENSE AND ITS RELATIONSHIPS WITH OTHER ELEMENTS OF THE DEFENSE AND THE EXECUTIVE BRANCH

The committee met in open session, pursuant to notice, at 9:58 a.m., in room SR–253, Russell Senate Office Building, Senator John Tower (chairman), presiding.

Members present. Senators Tower, Goldwater, Cohen, Stennis, and Evans.

Staff present: James F. McGovern, staff director and chief counsel; Alan R. Yuspeh, general counsel; Christine C. Dauth, chief clerk; and Willis D. Smith, deputy staff director and chief scientist for the minority; Richard D. Finn, James R. Locher III, and Bruce D. Porter, professional staff members; Tamara L. Farnsworth, Karen A. Love, and Toni D. White, staff assistants.

Also present: Dennis P. Sharon, assistant to Senator Goldwater; John Campbell, assistant to Senator Warner; Jim Dykstra, assistant to Senator Cohen; Jon Etherton, assistant to Senator Jepsen; Hank Steenstra, assistant to Senator Quayle; Mark J. Albrecht, assistant to Senator Wilson; and Matthew Murray, assistant to Senator Kennedy.

### OPENING STATEMENT BY SENATOR BARRY GOLDWATER, PRESIDING

Senator GOLDWATER [presiding]. The meeting will come to order.

It is a few minutes before our announced convening time, but our principal witnesses are here and I see no reason why we shoudn't start.

This meeting is the third in a series of hearings on the organization and decisionmaking procedures of the Department of Defense. We have previously had two very interesting sessions—one with Secretary Weinberger and another with three outside experts who have prepared reports or studies on DOD organizational issues.

Today, we have two distinguished witnesses, Elliott Richardson and Graham Claytor. Mr. Richardson and Mr. Claytor have each had extensive experience in the Federal Government.

In addition, our witnesses share numerous other achievements. Instead of reading off their remarkable achievements, I am going to insert my prepared statement in the record.

[The prepared statement of Senator Goldwater follows:]

PREPARED STATEMENT OF SENATOR BARRY GOLDWATER

The committee meets this morning for the third in a series of hearings on the organization and decisionmaking procedures of the Department of Defense. We have previously had two very interesting sessions—one with Secretary Weinberger and another with three outside experts who have prepared reports or studies on DOD organizational issues.

Today, we have two distinguished witnesses, Elliot Richardson and Graham Claytor. Mr. Richardson and Mr. Claytor have each had extensive experience in the Federal Government. In addition, our witnesses share several other achievements. Both are graduates of Harvard Law School and former Presidents of the Harvard Law Review—Mr. Claytor in 1963 and Mr. Richardson in 1947. Both were law clerks to Judge Learned Hand on the United States Court of Appeals for the Second Circuit. Finally, both clerked for distinguished justices of the United States Supreme Court—Mr. Claytor for Justice Brandeis and Mr. Richardson for Justice Frankfurter.

Of course, they have some different experiences as well. Elliot Richardson served as the Secretary of Defense in 1973. He also served as Attorney General; Secretary of Commerce; Secretary of Health, Education, and Welfare; Under Secretary of State; Ambassador to the United Kingdom; and Ambassador-at-Large and Special Representative of the President to the Law of the Sea Conference. Mr. Richardson is presently the senior resident partner in the Washington office of the law firm of Milbank, Tweed, Hadley & McCloy.

Graham Claytor served as the Deputy Secretary of Defense from 1979 to 1981. Prior to that, Mr. Claytor was the Secretary of the Navy and, for a brief period, the Acting Secretary of Transportation. Mr. Claytor is a former Chief Executive Officer of the Southern Railway System, a position for which he was selected after almost thirty years in private law practice. Today Mr. Claytor is the Chairman of the Board and President of the National Railroad Passenger Corporation, or AMTRAK as it is popularly known.

Gentlemen, we are very pleased to have both of you here today. The principal purpose of this particular hearing is to consider the Office of the Secretary of Defense. Subsequent hearings will focus on other DOD organizations, including the Joint Chiefs of Staff, the Unified Commands, and the military departments. The witnesses who appeared before the committee last week concluded that the Office of the Secretary of Defense (OSD) and its supporting organizations have become bloated. We were told that the staff is too large, that decisionmaking is overcentralized in OSD, and that there is substantial, unnecessary, and counterproductive duplication of effort. Your views on whether the present structure and responsibilities of OSD are sound would be welcome.

In addition, given your vast governmental experience, I am certain that there are other issues within the scope of the committee's overall investigation that you may wish to address. We would also welcome your opinions on the Joint Chiefs of Staff, the division of responsibilities between OSD and the military departments, the relationship of DOD to other national security agencies, or any other subject generally related to defense organization and national security decisionmaking.

I will ask each of you to present your oral statements before answering our questions. First, let me recognize Senator Nunn for any comments that he might like to make.

Senator GOLDWATER. Although we are interested in the Joint Chiefs of Staff and other DOD organizations, the Unified Command and the military departments, I would just emphasize that the great size of the Department of Defense is the basic concern of the committee right now.

In view of your great background and Government experience, I am sure there are other issues within the scope of the committee's over-

all investigation that you may wish to address yourself to. We would like your opinions on the Joint Chiefs, divisions, and so forth.

Just to point out the size we are talking about, the Department of Defense officials report directly to the Secretary of Defense and to the 23 different officials.

The Office of the Secretary of Defense coordinates with other executive branches, nine in the executive branch and about the same number at other points.

The membership of the Defense Resources Board and the Defense Systems Acquisition Review Council is composed of 17 different members; Defense Systems Acquisition Review Council, 9 members; Office of the Secretary of Defense advisory committees number 9 different committees.

The Joint Chiefs of Staff by law are limited to 400 staff people, but you and I know there are ways to get around that and they have done so. We think we have one man on the Hill who knows how many really serve on that staff, but we can't find him. So, we have a real problem.

Senator Tower who is at the White House this morning and can't be here right now deserves a great deal of credit for having the courage to get this series of meetings started.

A question has come up in my mind. Should we begin to think about more militarily trained people now, civilians or even men who are militarily trained, but who are never in the service to participate in the decisionmaking process in the Office of the Secretary of Defense?

I know it runs against the grain of 204 or 205 years of civilians being superior to the men in uniform, but that is not engraved in stone anyplace. It is not in the Constitution.

I think it started out to be a very wise idea, but we have lost our last two wars and that has given me some concern because I think a lot of that loss could be blamed on civilians here in Washington who were not trained in the art of war.

With that in the background, do you have anything in mind, Senator Cohen?

Senator COHEN. No, Mr. Chairman, except to welcome these two distinguished gentlemen. I don't think we have had this kind of talent before the committee in a long time in their dual capacities—a former Secretary of the Navy, and Mr. Richardson—I don't know whether to call him Ambassador, Secretary or Attorney General—but welcome.

Senator GOLDWATER. You may proceed, Mr. Richardson.

You can read your full statement or it can be put in the record whether you read it or not.

## STATEMENT OF HON. ELLIOT RICHARDSON, FORMER SECRETARY OF DEFENSE

Secretary RICHARDSON. Thank you very much, Mr. Chairman and members of the committee.

First, I would like to say that I warmly welcome and appreciate the opportunity to appear here this morning.

The initiative announced by Senator Tower in beginning this comprehensive series of hearings on the structure and organization and

decisionmaking procedures of the Department of Defense is, it seems to me, highly constructive and timely.

I appear, Mr. Chairman, partly perhaps on the basis of qualifications derived from my relatively limited tour of duty at the Defense Department, although I think it is fair to say that even that and the preparation for it gave me some useful insights into the functioning of the Department.

But I supplement that experience by considerable perspective on the planning, analytical and management problems of the executive branch generally, and I speak at least as much from that perspective as from any direct familiarity with the operations of the Defense Department as such, particularly as it is now being administered.

From this perspective then, Mr. Chairman, I would stress what seems to me to be the need for a greater degree of coherence in the strategic planning processes of the Department and a greater degree of continuity in carrying them out.

This seems to me critically important, not alone from the point of view of the efficiency and effectiveness of the formulation and execution of our military policies, but also from the point of view of the essentiality, in a free self-governing society, of developing a firm foundation of consensus that will sustain these policies over time.

Now, that in turn, given the high degree of complexity, the scale of which you have already touched on, Mr. Chairman, seems to me to require, therefore, the construction of a strategic framework that can help to focus national debate.

Otherwise, what we inevitably have is an endless series of problems addressed in an ad hoc way that never fit into the kind of coherent pattern people can communicate about and understand.

It would seem to me, therefore, that both from the standpoint of management of the Department of Defense and the execution of coherent politico-military strategy and also from that of the need for broad public understanding and support, that there ought to be a greater degree of capacity in the Department to formulate and articulate its plans in this way.

The attempt to accomplish this can be broken down under three headings.

One, as to which this committee has already had testimony from the Secretary, himself, and from others, involves the very short-term character of procurement and appropriations processes.

To be able to deal with procurements and appropriations in a longer timeframe would in itself help to contribute to continuity and thus to coherence in the presentation of Department priorities and goals.

The second heading—I may be out of date in my perceptions of what is needed, but I think not—concerns the need for planning processes that better mesh the functions of the Office of the Secretary of Defense and the uniformed services.

What we tend to have is a situation where the services pursue their own priorities in a context in which the Office of the Secretary of Defense is concurrently developing its priorities and conducting its own analyses of defense requirements.

At some point fairly well along in the processes administered separately by the Office of the Secretary of Defense and the services the

two converge. By that time the positions of the contributors to the eventual decisions will have, to a considerable extent, already been hardened and endowed with a certain political momentum for success, depending not on the merits of the issues, but rather on considerations of clout, prestige, turf, and so on.

It seems to me important to create around issues like close air support, for example, a mechanism that forces joint participation by each of the services and the civilian leadership of the Office of the Secretary of Defense in addressing components of that problem as subheadings of the total problem. Starting, let us say, with teams from each service at the rank of commander and lieutenant colonel, you would proceed in accordance with a kind of pert chart focused on the merits of given components of the problem at that level, with the result of each such joint exercise then be passed on to the next stage of a progressively more integrated process and leading eventually to the joint staff and the Office of the Secretary of Defense.

That, it seems to me, could be a way of preventing there developing, at any stage, what amounted essentially to a log-rolling process or a one-third, one-third, one-third political reconciliation of issues that was never forced to the mat on the merits through a sustained process of the kind I have described.

Third, Mr. Chairman, I share the view of those who have felt that the contribution of the Joint Chiefs of Staff to the kind of coherence and strategic planning processes I touched on earlier is under the present structure inevitably inadequate.

Gen. David C. Jones has articulately and comprehensively diagnosed the deficiencies of the existing situation. I do not, however, believe his prescription for dealing with it is adequate to the disabilities described.

I think steps going farther than he has suggested, steps perhaps along the lines proposed by General Meyer, would be useful.

In essence, what is needed, I believe, is a capacity on the part of the leaders of the military services to participate jointly in a coherent strategic planning process not distorted by their obligations to the individual services.

The commanding general or admiral of a service has loyalties downward just as a Cabinet department head has loyalties and responsibilities to his department.

Having served in that post for a number of departments, I can understand the kind of responsibility felt by someone who is obligated to fight for the interests of his department or service. If you as the head of it don't do it, who will?

The result, therefore, is that the service chiefs are placed in a position where they are inevitably torn between competing loyalties.

I believe the job of contributing to the development of a coherent politico-military strategy, together with the contingency planning and long-range analysis required for intelligent allocation of resources, ought to be carried out under a chairman and a joint staff, including very senior advisers no longer committed to their services. That would contribute to the kind of enrichment of the substance and solidity of our military planning process that we do not now have.

This seems, Mr. Chairman, to be the best way of addressing the problem you touched on earlier, the link between genuine military experience and expertise on the one side and the appropriate kinds of civilian-political direction on the other.

The ultimate choices, of course, are and must be political in the fundamental best sense of that word in a freely self-governing society. But those choices should be capable of calling upon the most disinterested, the most expert and the most analytically powerful thinking that can be brought to bear by people who really know the technical, substantive issues and have spent a lifetime dealing with them.

These, essentially, are such thoughts as I have, Mr. Chairman.

After you have heard Mr. Claytor, I will be glad to respond to any questions.

Senator GOLDWATER. Thank you very much, Mr. Richardson. I am glad you touched on strategic planning.

Mr. Claytor, do you want to start off?

## STATEMENT OF HON. GRAHAM CLAYTOR, FORMERLY SECRETARY OF THE NAVY AND DEPUTY SECRETARY OF DEFENSE

Secretary CLAYTOR. Yes, sir.

Mr. Chairman, it is a great pleasure for me to be here. I have had many interesting sessions with this distinguished committee and I am happy to have the privilege of being back once again.

I am in general agreement with the three major problem areas Secretary Richardson just mentioned.

More continuity is certainly needed and multiyear appropriations and authorizations in key areas would save a lot of money and be able to fit in an overall plan in a much better way than this step-by-step operation we now use.

I am also in full agreement that we do need a general overhaul of our strategic planning processes. That is very essential. Part of that, and directly related to it, of course, is the problem of the inadequacy, the impotency of the chairman of the Joint Chiefs of Staff.

I am a little more cautious. I would support General Jones' proposal as a starter. It seemes to me this is making a major change here; we are moving into sort of uncharted waters.

I am a great believer in trying things out on a step-by-step basis with the understanding that if one step works, we will take the next one rather than plunge in with a major reorganization.

I think the DOD bill which was sent over last April putting the chairman of the JCS in the national chain of command and strengthen the joint staff would be a start. I think it would not go far enough.

I would go at least as far as General Jones has proposed, and I think it is absolutely essential to have a deputy chairman, which would require a statutory change.

If you had the chairman in the chain of command, having a deputy chairman, who obviously would be chosen from a different branch of the service, would go a long way to give us the tools with which to work much better on really strategic planning operations.

The only other things I have to suggest would really fall in the area of almost nuts and bolts improvements because when I was acting

as Deputy Secretary I was in effect the inside man working on nuts and bolts, so they were of particular interest to me.

First is the complex and repetitive nature of the PPBS, the planning, programing and budget system, which has been followed for a number of years.

That system is bound to be lengthy and somewhat cumbersome because of the nature of our tripartite democratic Government, but we could shorten it by eliminating some of the repetitive considerations and reconsiderations of the program and budget issues that come up each year within the Pentagon.

For example, if a procedure that I struggled with is still being followed, OSD will start consideration of the fiscal year 1986 program in the spring of 1984.

The first program review by an extensive OSD staff and finally by the Secretary and Deputy Secretary will take until sometime in August, next summer, and will involve difficult and highly controversial decisions on priorities.

Once this is done, however, the whole process is started all over again with the actual budget submission to OSD by the services. These, in turn, are reviewed by the OSD staff. Here the OSD budget staff takes the lead, a different staff starts to rework the second time around.

Everybody else is in the act, too, but the budget staff is now in the lead and they have quite different ideas about programs from the people who worked on the programs that have just been finished.

My experience was that many, if not most, of the major program decisions are reviewed all over again in the budget process that goes from August to November.

Frequently they are reversed or substantially changed. This has resulted several times in my experience in sort of a crunch in the last few days before the budget has to go from the Defense Department over to the President, and sometimes major decisions are made at the last minute that bear no relationship to decisions formerly made in the programing process.

It seems to me that when a private company does its budgeting and programing the two are done together; you budget and program at the same time. The two are absolutely interdependent. I think they should be combined into a single program in the Pentagon.

If you had a single program and budget review, the whole process could start much later in the year than May. This is important because as it happens now, you are making a lot of tentative decisions while Congress still has not finished the previous year's budget.

When you don't know what the year before is going to be, you have a hard time making a decision about the following year. So, you could start the whole process in July, perhaps, instead of in May and work the two of them together. The OSD staff could give its consideration to this and have its negotiations only once. I think they would do a lot better.

We considered doing that when I was in the Pentagon. The problem is this requires a major upheaval and an internal reorganization of a major complicated system. You can't do it unless the people who are going to be running it are going to be there for at least 2 or 3 years.

So, when you change the top personnel you have to start a new system like this almost immediately in order to have 3 or 4 years to get it working before the team changes again.

Even if there is no change in administrations, the turnover is, I think, much too fast in the executives to enable a really good management job to be done. But I would certainly look at that kind of procedural change.

There is still another problem that I ran into, a minor problem, but one that does not need a legislative change. There has been the tendency that I found both as Secretary of the Navy and Deputy Secretary of Defense, for the OSD staff to micromanage the services with respect to intraservice problems.

Now, the OSD has got to manage interservice problems and problems that involve overall strategic planning. I found that a great many of the staff of the different Assistant Secretaries of Defense were really trying to run the internal affairs of the individual services because they thought they knew better than the people in the service about service matters. I thought that was just very bad. We tried to change that.

Really the crux of the problem we discussed earlier is the chairman of the JCS has responsibility and accountability but no authority. The problem I had with some of the OSD staff is they have been given authority without either responsibility or accountability in a number of areas. That ought to be fixed.

It can be fixed internally, I think. It may well have been improved in the existing administration. I am 3 years out of date, and am not really up to date on how things are going.

That is really all I have to suggest for starters, Mr. Chairman.

In this area I don't think I now have either authority or responsibility, so I am a free agent. I will, nevertheless, be glad to try to answer any questions.

Senator GOLDWATER. Thank you very much, Mr. Claytor.

The testimony of you both is excellent and about as good as we have heard so far in that you have directed your experience to the questions we have.

Mr. Stennis, do you have some questions you would like to ask?

Senator STENNIS. I don't, Senator Goldwater.

I am sorry I was late getting here. What these gentlemen say is of value. I know that by experience. I will pursue what they have said through the record here.

I am glad the committee is going into this whole subject. It is very timely and has been long delayed. You and I talked about these things when I was chairman. The trouble is I had been run over by so many other things that we didn't get to have a hearing like this.

I won't take up any more time, but I do want to read this record.

Senator GOLDWATER. Thank you, Mr. Stennis.

I would like to welcome Senator Evans. I think this is his first attendance at a meeting of the Armed Services Committee. We are certainly glad to have you.

You represent a State that is very, very important to all of our military planning and operations. We wish you well.

Senator EVANS. Thank you, Mr. Chairman.

Senator STENNIS. For the minority, if I may just join in your welcome. He is a valuable man, and will be an asset to our committee.

Senator EVANS. Thank you.

Senator GOLDWATER. Senator Cohen?

Senator COHEN. I have a couple of questions, Mr. Chairman.

Mr. Richardson, much of the concept in your statement is contained in your book, which is perhaps the most undersold or at least unread publication in the city of Washington. It would do well for us to go back and reread that book because you do talk about a sense of balance within our system which we don't currently have.

The question I have is where does the change start in this system? Does it begin over in the Defense Department? Does it begin at the President's office? Does it begin over here?

Where does one initiate the kind of fundamental changes that have to be made, as you have outlined, beginning with the procurement process?

Second, about getting better mesh between the services and OSD and informing the JCS, where does that impetus come from? It does not seem to be self-generated, but the question is who will take the first step?

Secretary RICHARDSON. Of course, it must be clear, Senator Cohen, when you are dealing with a set of interlocking components of an existing situation, if the trend or spiral is moving in the wrong direction, you could intervene at any of a number of points in an effort to turn it in the opposite direction.

You could, of course, accomplish the kind of changes that would seem to me desirable through Presidential leadership in the first instance, carried through the Secretary of Defense to the Pentagon as a whole, but it seems to me this may be a situation where if the Chairman of the Joint Chiefs and his senior advisers, people not directly responsible to any of the individual services, were freed up for the function of coherent planning and analysis, which seems to me important, that that could then be the generative source of this kind of change.

I think it is arguable that the reason it doesn't happen now is that it is not perceived to be anybody's job. To the extent it is perceived to be their job, they are prevented from doing it by the existence of competing claims and conflicting loyalties.

Certainly the Joint Chiefs—I speak perhaps from a background that may not be sufficiently current, but I think not—have not, partly because of what I think has been an artificial tendency to separate civilian and military functions, seen themselves as major contributors to the development of a coherent picture in which it becomes explainable why we are doing what we are doing, why we have the force levels we have, and why they are deployed the way they are.

It would seem to me, therefore, that whether you go as far as I think we should go or whether you take the kind of limited step Secretary Claytor has referred to, that this might be watched for its contribution to this sort of process of change, independent even of the action of the Secretary of Defense and the President for the time being.

Senator COHEN. I point out, Mr. Chairman, there is a hypocrisy on the part of us in Congress who are looking at the chaos over in the executive branch. Meanwhile, we have an authorization process, ap-

propriation process, and budgetary process, all at war with one another.

I think Mr. Claytor was perhaps touching upon that when he referred to the need for multiyear procurement and more continuity. But it seems to me we contribute as much to the problems hampering proper defense planning in the sense of our funding the various programs as does the chaos that seems to reign many times in the Pentagon.

The chairman mentioned the question about whether or not decision-making has become overly centralized in OSD. That raises another issue—the first point you mentioned, Mr. Richardson—about the need to perhaps reform our procurement and appropriation process.

You may be familiar with the so-called Carlucci reforms. They were somewhat controversial in that he attempted to decentralize the process somewhat by giving more and more responsibility to those in the procurement offices within the various services.

Is it a question of being overly centralized in OSD? Should we go to more decentralization of authority?

It seems to me we have a problem where everyone is responsible for something, but no one is responsible for anything. There is no accountability, particularly in the procurement field.

I have been especially interested in how we reform our procurement practices to make them more competitive. We find, for example, we have the old story of the revolving door.

Many of our generals leave the service and they right away are hired by defense firms. Then they make their contacts back through the Defense Department and through the services for various weapons programs. It goes through the system all the way up through the Secretary of Defense.

By the time it reaches over here it is too late. There is not a single Senator or Congressman who is going to vote to cancel a program in his or her State. It just does not happen up here.

I have maintained for quite a while now that by the time it gets to Congress it is too late. If you have too many systems within the Department of Defense and you send them over here, it is virtually assured that all of those systems and even more will be funded.

How do you deal with the procurement aspect, Mr. Richardson?

Secretary RICHARDSON. The answer I would give you derives from the approach I take.

The role of the military capability, the Military Establishment of the United States, it seems to me, has to be perceived in two quite different ways.

One is the contribution to the deterrence of war and that contribution is fundamentally psychological.

We need credible military capacity to address the kinds of contingencies that could lead to an unmanageable confrontation.

Now, looked at from that point of view, what do you need in order to be convincing?

I would start with the effort to think out a persuasive, mutually supportive—that is, in the sense of containing coherent elements—picture of what we need and think through the necessary exposition of what the requirements of each subelement are.

To the extent that you can do this, you have in effect put yourself in a position to delegate substantial responsibility downward into the system so long as the function delegated is part of or will contribute to convergence toward these defined priorities.

If you don't have a coherent picture in the first instance of what you are trying to do, then, of course, every subcomponent of each service can become a competitive initiating source of demand for something or other, no matter where it fits.

So, I see no inconsistency between the desirability on the one side of strengthening the capacity to develop a coherent planning process, and on the other of delegating substantial responsibility for contributions to carrying it out.

I referred to the two functions of the military. One is deterrence. The other, of course, is war fighting.

You never know how any judgment you have made in the development of your military capability is actually going to work in combat under war conditions until you get there, and you may turn out to have made some wrong judgments.

Part of the problem with the whole military procurement process is that it is so hard to run tests. You make enormous investments in particular weapon systems and you can't run a controlled experiment designed to determine whether or not you might have made a better decision.

The important thing in the circumstances, therefore, must be understood to be that you are doing the best you can. You are making tough calls, close calls, again, and again, and again. But in the case of a close call, I would say a fundamental consideration should be:

Can I relate the decision I have made to the rest of what I am trying to do?

Does this contribute?

Does it add a synergistic component?

Does it make possible for me to explain that we made choice X because it better contributes to the total capacity we are trying to achieve than would the Y choice?

Having done that, and everything else you can to achieve the greatest efficiency and economy, you must come back to the effectiveness of the components.

Whatever it is, you have done the best you can. At that point it seems to me you reach a lot of subsidiary administrative problems of the kind that the building has struggled with for decades. There is no alternative here, I think, other than to keep up the pressure to make decisions that are as cost effective as possible.

Senator GOLDWATER. Would you like to answer that, Mr. Claytor?

Secretary CLAYTOR. I agree with that. I think the centralization of determination of strategic policy is necessary. What the overall plan is and what are we trying to do has to be determined centrally. It can't be done in the separate services. That is the fundamental job that ought to be done.

I don't think the Secretary of Defense has the tools to do that well unless we do something about the Chairman of the JCS and give him more authority as the military adviser with his staff.

I think we can't accomplish what Elliot was saying is so important, without some beefing up of the Chairman of the Joint Chiefs. If we get that done, then I believe most of the execution ought to be done by the services. It should not be done by the staff of the OSD.

My belief is when you have something as big as the Defense Department, which is bigger than General Motors, IBM, and many other companies put together, you can't run it on a day-to-day basis from the center. You have to delegate it out. You ought to delegate it to the services once the services have their role adequately determined in the overall plan.

This is one of the things I found. I found all kinds of small decisions the services are much better able to make in procurement of specific weapons and how you procure them, and that sort of decision was being made by the civilian staff in OSD which, frankly, in many cases I didn't think knew as much about it as the people in the services did.

I am not fully aware of what Mr. Carlucci has done, but I think it is in line with what I suggested when I left. We really should not micromanage from the center because it is impossible to do it well. The organization is too big.

Elliot is absolutely right, the role of the services and the Defense Department has got to be decided in one place in the center. The Secretary is in a much better position to do it if we can strengthen the Chairman of the Joint Chiefs.

Senator GOLDWATER. Senator Evans, do you have any questions?

Senator EVANS. No, Mr. Chairman.

Senator GOLDWATER. I am glad you mentioned the need for an overall strategic plan. That has been a bone that I have been biting on for a long time. The trouble is that it is very difficult to put down an outline of what that major plan should encompass.

I look on strategy as the overall plan and the tactics as the individual plans for the operations you might become engaged in.

Would both of you be willing to jot down your ideas of what a strategic plan should embrace? We are going to press on the President to provide us with such a plan. But, again, it is difficult for us to know how to go about it without some idea of an outline.

I would appreciate it if both of you could send a suggested outline. If we leave it up to the Pentagon, this service loyalty will be mixed up with it and there is more politics in that than in the Republican and Democratic Parties.

[The information follows:]

[The information was not received in time for printing.]

Senator GOLDWATER. Mr. Richardson and Mr. Claytor, what, in your opinion, is the proper relationship between the Office of the Secretary of Defense and the organization of the Joint Chiefs?

Secretary RICHARDSON. In my mind, Mr. Chairman, it should be a relationship in which there is not only mutual respect, but an understood necessity for deference to the separate responsibilities and capacities of each.

Let me try to make that a little less abstract. As you emphasized earlier, Mr. Chairman, the Chairman of the Joint Chiefs and his principal military staff or advisers, however constituted, are people from whom it is essential to draw upon their accumulated military expertise.

The Secretary of Defense should approach the Chairman and his staff as I would have approached, for example, the heads of the National Institutes of Health in HEW.

On the other hand, the question of what is the responsibility of the United States to preserve a stable global equilibrium and what fraction of U.S. resources can be devoted to this consistently with other competing claims is the essence of an ultimately political question, the kind of question on which the civilian leaders of Defense or other departments should take the initiative and as to which the uniformed participants in the strategic planning process would and should give their deference.

Out of this would, I expect, come—and does indeed to a degree—a kind of process of mutual exchange and deliberation, leading to the ultimate resolution of what are intrinsically exceedingly difficult and complex issues.

That essentially, Mr. Chairman, is how I would see the relationship.

Senator GOLDWATER. Thank you.

Secretary CLAYTOR. Mr. Chairman, I would look upon it pretty much as the Secretary of a service deals with his Chief of Staff. I have had some experience with that.

I worked as Secretary of the Navy with Jim Holloway first and then with Tom Hayward, Chief of Naval Operations, two of the finest military people I have ever known. We had some disagreements, but I didn't try to disagree about the tactical makeup of the 6th Fleet, for example.

We disagreed about things I thought were more my responsibility, and I think that should be the case with the Secretary of Defense and Chairman of the Joint Chiefs. He is the boss. The Secretary has to be the boss.

A good Secretary is not going to insist on his own judgment in a matter of military expertise. He is going to exert his judgment in the matter of political or overall administration. I think there have been good service Secretaries and good Chiefs of Staff, and there have been some who have been less than that.

If you take as an example the strong service Secretaries and the strong Chiefs of Staff working together, I think it will be a very good role model for what it ought to be for the Secretary of Defense and a strengthened, more responsible Chairman of the Joint Chiefs.

Senator GOLDWATER. Thank you.

I might say at this point in reference to what Senator Cohen's questions showed an interest in, we have the same problem in the Congress that developed since both of you gentlemen left the Pentagon.

We created a Budget Committee. Now we hold hearings in January and February attempting to write an authorization bill. When we complete the authorization it goes to the Budget Committee. Then Budget comes back and tells us how much we should have authorized and the amounts, and it goes through the usual change and back up through Budget and a preparation again. It is a heck of a mess.

We not only have that problem in the Pentagon; we have it over here in the Congress and I hope to see it changed.

I have several more questions and I will get one more in before my time is up.

Is the Office of Secretary of Defense now performing functions that should be the responsibility of the Joint Chiefs of Staff or the military department?

Secretary RICHARDSON. I don't think I can give you an adequately informed answer to that question, Senator Goldwater.

I think it is true, and in this connection I was interested particularly in Mr. Dean's recent testimony, that there has been a tendency of civilian components of the Government to take over what I would call geopolitical or politico-military strategic planning functions, partly because they weren't being carried out adequately by the Joint Chiefs.

I remember particularly President Nixon's impatience on this score, and I think it is undoubtedly true that the role of the national security adviser and national security adviser's staff under him was a function partly of the fact that the Chiefs didn't like issues of major politico-military strategy. Secretary Laird at that time adopted as a matter of deliberate policy the restriction of the Chiefs' role in any matter which had a substantial political component.

It may be that to a degree, and I don't know in detail that it is still true, that more of what you might call high politico-military policy is still addressed by civilians than I think ought to be the case.

Senator GOLDWATER. Secretary Claytor?

Secretary CLAYTOR. I am trying to think in my relatively brief experience in the two capacities over there. I didn't feel that there was any major role that the Secretary of Defense, himself, as distinguished from his staff in small matters, was doing that he shouldn't have been doing or should have been delegated down to the services or to the military, but that is a pretty short experience.

Senator GOLDWATER. I know that is a hard question for either of you to answer because the question applies to the present, although in the past I think the situation was pretty much the same.

My time is up, Mr. Chairman.

Chairman TOWER. The Defense Department is a multilayered bureaucracy that can't function efficiently. A lot of us have been aware of the fact it takes so much time for a concept to go through the R&D and T&E process and ultimately through all the various reviews and decisionmaking processes to the point of production and initial operating capability.

In your view, Mr. Claytor, what are the most serious shortcomings of the current organization's decisionmaking process of the Department of Defense?

Secretary CLAYTOR. I mentioned, Mr. Chairman, that I thought we could make more efficient and speed up the whole procurement budget process if we combined programing with budgeting and didn't do it in two separate steps each year because we waste an enormous amount of time doing the same thing twice.

But apart from that, this is a terribly tough problem because we can produce horrible examples of cases where we have reexamined and tested proposed concepts to death, and by the time we finally got around to production they were already obsolete because so much time had passed.

You can also find some pretty horrible examples of cases where we said we have to get on with this. We went ahead and short circuited

the intermediate testing in order to save time and we had a bust on our hands, it was no good. We had spent a lot of money for nothing.

This is a tough management job. I don't know of any system change that can be made to fix it absolutely. It has to have careful management. You have to decide in the individual case and try to get the most competent and continuing project managers on these things to do a good management job.

I think the best job that I can recall was the Polaris, the whole Polaris program, which was a great success and did go forward. We had one project manager for a matter of something like 10 or 12 years on that who was a very able man and he was given authority and he used it.

The military system, of course, is to rotate people every 3 or 4 years. To do that with a project manager of a very important new weapons development program I think is a blueprint for disaster. You can't change the boss every 3 or 4 years and expect to have the excellent management that you need.

It is a management problem. It is not a system problem. The system is complex inherently. You must test, but if you test so much that you never finish, you defeat yourself. It is a matter of getting that balance with good management, it seems to me.

Chairman TOWER. Mr. Richardson, do you have any comment on that?

Secretary RICHARDSON. No. I really can't usefully add to it, Mr. Chairman. I wholly agree with what Graham Claytor has said.

Chairman TOWER. Mr. Claytor, you are one of the most successful corporate managers we have had in Government and I would value your opinion on this matter, noting that within OSD there are some 21 senior officials in addition to the three service Secretaries, the Chairman of the Joint Chiefs, which make up a total of about 25 officials that report directly to the Secretary of Defense.

In your view, are there too many officials reporting directly to the Secretary in violation of what we have come to consider as a cardinal principle of good management?

Secretary CLAYTOR. Yes, I think so. It is a difficult problem to fix. In a company you are going to keep, in the normal course, your executive vice presidents and then your vice presidents under them for a reasonable period of time except as they are promoted or occasionally die.

But in a Government agency such as in the Defense Department you are going to have a wholesale change quite often. The average length of time for Presidential appointees tends to be 2 years or less.

The right management situation would be to have about four Under Secretaries report directly to the Secretary and some Assistant Secretaries report to the Under Secretaries, cutting down the reporting relationship.

One problem with that is if you get four Under Secretaries from the outside who are brand new, it will take them 18 months to find out how to run their jobs and then pretty soon they are being rotated out. It is a hard thing to set up a management structure that really works and makes sense with that kind of turnover.

Anything that could be done to try to get a full term management team in the Pentagon—which is not a Government regulatory agency or an agency in charge of spending relief funds, but is much more equivalent to a production and industrial operation—if you could manage to get the Assistant and Under Secretaries not only of Defense, but of the services so they would be there at least for the full term, it would be a great help.

At least at the end of about 6 to 12 months you could put together a team that could then manage with a proper degree of reporting relationships. But short of that I don't think you can do very much.

Chairman TOWER. Mr. Richardson, do you have any comment on that?

Secretary RICHARDSON. I would like to add a couple of brief thoughts, Mr. Chairman.

I think the problem of continuity of Presidential appointees is a very serious one, not only in the Pentagon, but throughout the Government. There are a whole lot of reasons for it which are exceedingly difficult to combat.

I think the levels of compensation have been allowed to fall too much. I also think the level of compensation of members of the U.S. Senate and House has been allowed to fall too much.

Chairman TOWER. Amen.

Secretary CLAYTOR. I agree with that, too, and have testified before the Quadrennial Commission on this about three times without really any success.

Secretary RICHARDSON. I have harped on it for years also.

I think the problem for the Pentagon of the obligation of the sale of securities is one that seems to have been intelligently addressed in a statement before this committee by Richard C. Steadman on September 20. That might help some in the recruitment of people who would be better able to afford to stay.

I remember it cost me roughly 3 years' salary in capital gains and gift taxes to hold the job of Secretary of Defense for what turned out to be only a few months.

I think that is sufficient comment for the moment, Mr. Chairman.

Secretary CLAYTOR. I could add one thing, Mr. Chairman, that I think has helped.

In the Defense Department, I think in most administrations, the Deputy Secretary has in effect taken over the administration of most of the Under and Assistant Secretaries because the Secretary himself has so many other responsibilities dealing with the other Government departments, the President, the White House, State Department, as well as NATO and all the Defense Ministers of other countries he has to deal with, which take so much of his time.

I think Harold Brown handled it really quite well. He pretty well dealt directly with the areas internally in the Department that he was particularly expert in. He was a nuclear physicist, an engineer. He dealt directly with the R&D people.

I dealt as the Deputy Secretary with almost all the others. While on the chart you had 20-odd people reporting directly to the Secretary, in truth and in fact we divided it up in such a way that there was a much more reasonable reporting relationship.

Secretary RICHARDSON. That is the other point I wanted to make, Mr. Chairman. I couldn't think of it at the moment.

I think that does make a significant difference. So far as I know, the Defense Department is essentially unique in the way it has been understood from the outset, that the Deputy Secretary had ultimate decisionmaking authority coequal with that of the Secretary. He is not just an executive officer, but he divides responsibility for the Department with the Secretary.

In my short tour, Bill Clements as Deputy had direct responsibility for most matters involving procurements, for example. Most of the things he handled did not come to me at all except insofar as he kept me generally informed.

Chairman TOWER. Senator Goldwater has illuminated one congressional problem involved in the Defense policymaking implementation process, that is, having to go through the budget process, authorization process, and the appropriations process.

I don't know whether you commented on this before I came in, but I think one of our functions here is to examine our own role in this process. Do you have any criticism of or can you identify areas in which the congressional process has been counterproductive? Have we from time to time gotten too much into the micromanagement of the Department?

Or, on the other hand, have we been negligent or derelict in our oversight responsibilities?

Secretary CLAYTOR. Mr. Chairman, when I was at Defense, and speaking strictly from a parochial position, the answer to the first is yes and to the second is no, particularly with respect to staff determination on technical matters.

We had a lot of trouble. I felt it was trouble from where I sat, both as Secretary of the Navy and Deputy Secretary of Defense with technical staff on the Hill. In spite of the fact we had been through the process in a way I thought was too long and too thorough, we would then have someone on the congressional staff who had experience in the area, but nothing like the kind of experience we had, both civilian and military, on a weapon system or something else, who would persuade the committee to reverse us because he didn't like it. We had a lot of that.

Now, I am speaking as I say from one side of a controversy on this, but I do think that the Congress should consider very carefully before making technical engineering and scientific decisions opposed to the ones that have been made over in the Pentagon after all the work we go through on it.

I really think our system there is more competent in that area than congressional staff is likely to be. Now, that is not policy. I am not talking about policy, political-military decisions. I am talking about just plain weapon systems.

Chairman TOWER. My time is up.

Senator Stennis?

Senator STENNIS. I will be quite brief. I wanted to bring up a general subject matter with you gentlemen. I don't know of any two who are more competent to pass on all these questions that have been asked.

After the final product is formalized in the Pentagon, and I ask this quite seriously, who plans your presentation to the Congress?

You have all these committees, authorizing committees, appropriating committees, budget committees. How much attention do you give to those matters such as the geography of the members of the committee, or idiosyncracies of some of the members?

All those matters are important. Corporations, as I understand, give special attention to questions within that realm, their clients, and so forth. I think we ought to know a little more about it from the viewpoint of some of them.

Secretary CLAYTOR. Senator, when I was over there this planning and presentation occupied, I would say, more of my time, both as Secretary of the Navy and Deputy Secretary of Defense, than any other thing that I dealt with. I was usually one of those who would testify about almost every major item in the appropriation and authorization process, and so the preparation for that and actually doing it, I would say, occupied at certain times of the year essentially all my time. Looking at the whole year, I would guess probably 30 percent.

I think that has generally been so. I think it almost has to be. The Secretary of Defense must appear and deal with major political problems. If the Secretary of Defense, himself, tried to get into the process of testifying to various details, he couldn't do the other jobs he has to do which are more important.

The Deputy Secretary and Assistant Secretaries of Defense and the service Secretaries do consider that, I think, as their most important role.

Senator STENNIS. That is year after year?

Secretary CLAYTOR. Year after year.

Senator STENNIS. That pattern is rather well formed; is that right?

Secretary CLAYTOR. I think so. I can only speak from my own experience. It certainly was for me.

Senator STENNIS. You always had the capacity to present it. You prepared yourself well.

Gentlemen, I came here the year after the National Security Act had been enacted. Great things were expected of it. I think as a whole they have done well, but this thing is immense now. I have seen it grow from year to year to year, at so many different levels and complexities. Massive amounts of money have to be involved. There is nothing else in the world that begins to equal the problems entrusted to these men.

Mr. Claytor, I know your pattern, I remember your operations well in presentations to the Congress.

According to your observations, would you say most of the Secretaries do try to carry that part of the role?

Secretary CLAYTOR. I believe so.

Senator STENNIS. With proper assistance from the military people in that Service?

Secretary CLAYTOR. We would usually appear with one of the appropriate military people. The two of us would normally appear together because I think the questions likely to be raised would have to be answered from both sides.

Senator STENNIS. I think if you do that, really follow it and present it, that this is the most powerful influence the Pentagon has on Capitol Hill with reference to the distribution of the military money and military budget.

Secretary CLAYTOR. Yes, sir.

Senator STENNIS. I bring that up to really encourage you to carry on in that way because the Secretary of Defense can't do it with all those policy questions. He has to advise the President, for example, many times.

I still don't understand how you can cover it all and get it presented. Frankly, you have a lot to put up with on Capitol Hill and with the industrial interests.

Secretary CLAYTOR. Yes, sir.

Senator STENNIS. We can't leave them out. You deal with them and we do, too.

Secretary CLAYTOR. I have a similar problem in my present capacity as President of Amtrak.

Senator STENNIS. You have a way of tackling things. I remember when you were head of the Southern Railway System in the part of the country I come from. You made a new railroad out of it and set the pace for the Nation in a lot of ways.

I am not here just to brag on you two, but it has been helpful to hear you testify. I am going to read your testimony.

Chairman TOWER. Senator Cohen?

Senator COHEN. I regret that Elliot Richardson had to suffer personal capital gains losses while he was in the Secretary of Defense's Office. But, more importantly, I regret the fact that he didn't stay there longer for another reason.

While I think many people regard him as a brilliant conceptualist, he is also regarded as a brilliant manager. I refer back to a couple of pamphlets I read many years ago when he was Secretary of HEW. They were affectionately referred to as his Castro speeches.

I know in today's speeches he has become considerably more concise than his Castro speeches of 1972 and 1973. I think that, had he had an opportunity to serve more time as Secretary of Defense, you would have seen the kind of managerial reforms that he had instituted at HEW.

Secretary RICHARDSON. Thank you.

Chairman TOWER. Senator Goldwater?

Senator GOLDWATER. Mr. Claytor, you brought up the subject of rotation. That was not on my mind when I sat down, but I think this is one of the most important problems we have in the military, not necessarily the civilian end of the Pentagon.

I think it is a problem we are going to have to work out with the military. For example, sometime during the life of a man in uniform he is going to spend 3 years in the Pentagon, maybe 4, and during that time he has to learn a number of subjects. He may start in a managerial capacity. He may start in a budget capacity, any number of directions he can go in during the course of his tenure in the Pentagon. He may occupy several jobs and then has to spend 6 months to a year learning it.

I have often argued with the military on this. Nobody likes to serve in the Pentagon. They would like to spend their service career in a command function naturally, but I think the time has come when we have to look at the man in uniform in a two-capacity way, one as the manager of people and tactics and one as a manager of operations, acquisitions, and so forth.

I should like to see us seriously consider a routine whereby a man reaching the grade of major—maybe even lieutenant colonel, but the longer the better—who shows a preference for the managerial end of it over the operational end of it, then train him. Let him go to a college and get his master's degree in economics or whatever it would require, and the rest of his career in the military would be spent in the Pentagon.

I think, for example, of the different men I have observed who were project managers, men who were assigned, say, to a weapon system like the M–1 or the P–1 and they served in that capacitiy for maybe 2 years. About the time they became really good at keeping the whole ball together they move out and go someplace else.

I am glad you brought that subject up because I think it is one we have to face. The Navy is the only service that partially recognizes that. I think during the midshipmen days they sort of carefully picked out a man and said he is going to wind up in Washington and when he winds up in Washington many of them stay there.

As a result, the Navy, in my opinion, comes to us better prepared as a rule to present their arguments.

I am sorry, Mr. Chairman, I took so long on that, but it is a problem I think we have to address in this committee.

I have a couple more questions.

Chairman TOWER. I am delighted to hear you recognize the great merits of the U.S. Navy.

Senator GOLDWATER. I don't know how we can get along without the Navy. We need to have somebody to carry our fuel around. [Laughter.]

Chairman TOWER. I won't pursue that. But do you have more questions?

Senator GOLDWATER. No questions except I would like to comment on a paper that Mr. Claytor wrote on Joint Chiefs' reform.

Secretary CLAYTOR. Two years ago in the Armed Forces Journal, I believe, sir.

Senator GOLDWATER. You made a point and I want to ask you if you still believe it:

> I believe we should make modest changes, evaluate how they work, and then decide on what, if any, further moves are needed. In this area especially experience is a better touchstone than theory and I would move accordingly in relatively small steps with continuing evaluation of the effectiveness of each step as we go along.

Secretary CLAYTOR. That is basically really what I was saying this morning. Yes, I do agree with that.

Senator GOLDWATER. We should not make drastic, quick changes in the Joint Chiefs, but go slow on it?

Secretary CLAYTOR. That is right. It seems to me the changes I suggested in that article, which basically were along the lines of David Jones' proposal would be a good start.

My experience has been, too, that drastic changes don't get made. If they are made, I am dubious about them, but they don't get made at all and you do nothing if you try to take too big a step the first time.

We need to take steps in this area. It seems to me that the steps suggested are sufficiently small so that if they turn out to be wrong, they can be reversed and no great damage is done.

If they work well, and I think they will, you take another step, a small step forward, and try that. To me this is the way to do it.

I have always believed in experimentation where the theory indicates that it ought to be good, but you don't know because it has not been tried. Let us try it first in a way that will not cause great damage if you turn out to be wrong.

Senator COHEN. That does not apply to the administration, though, does it?

Senator GOLDWATER. Which administration.

Senator COHEN. There was a radical change in 1980.

Secretary RICHARDSON. This is the one point that has emerged this morning, Senator Goldwater, on which I don't fully agree with Graham Claytor. His position on the value of incrementalism is beyond my conception.

Where you identify a problem in the clear and compelling terms with which this problem has been delineated by General Jones, it seems to me important then to come forward with an approach adequate to deal with it.

It is no good trying to build a bridge out over a chasm maybe a third of the way on the theory you will then see how the first third looks and decide whether or not to build the remaining two-thirds. I think this is that kind of situation.

I, therefore, doubt the extent to which the limited steps work. They may work in the sense they do no significant harm. But if you think from the outset they are not going to do the job, then maybe from the outset you should go forward with steps that will.

Secretary CLAYTOR. I am not sure they won't do the job or do enough of the job to make a substantial improvement. There is danger, it seems to me, in tearing up an existing system and substituting something that is untried wholly.

The whole concept of the permanently assigned Joint Staff is a little scary to some people and, frankly, to me too, if you went the whole way. I think we can try this out with the kind of steps suggested.

It is not halfway across the chasm, I think it is a small bridge all the way across, a two-lane bridge and we can make it a four-lane bridge if it looks as though it is worth trying.

Senator GOLDWATER. I think the two of you are more in agreement than you might indicate.

Thank you very much, Mr. Chairman.

Chairman TOWER. Members of the committee, are there any more questions?

Gentlemen, thank you very much for making a very important contribution to these hearings. We are grateful for your appearance on our behalf.

Senator GOLDWATER. Please don't forget the outline of the strategic plan.

Chairman TOWER. The committee will now proceed to other business.

[Whereupon, at 11:22 a.m., the committee proceeded to other business.]

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